

2013 DRAFTING REQUEST

Bill

Received: 9/21/2012	Received By: mshovers
Wanted: As time permits	Same as LRB:
For: Joel Kleefisch (608) 266-8551	By/Representing: Rick
May Contact: Dept. of Revenue, Leg. Council	Drafter: mshovers
Subject: Local Gov't - tax incr financing	Addl. Drafters:
	Extra Copies: EVM

Submit via email: **YES**
 Requester's email: **Rep.Kleefisch@legis.wisconsin.gov**
 Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

For Oconomowoc, allow the exclusion of town sanitary district territory from a tax incremental financing district (TID)

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 10/3/2012			_____			
/1	mshovers 11/12/2012	scalvin 10/11/2012	rschlue 10/11/2012	_____	srose 10/11/2012		Local
/2		scalvin 11/15/2012	phenry 11/15/2012	_____	mbarman 11/15/2012	srose 1/10/2013	Local

FE Sent For:

<END>

At
Intro.

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For: **Joel Kleefisch (608) 266-8551** By/Representing: **Rick**
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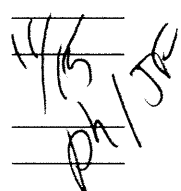
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/1		scalvin 10/11/2012	10/11/2012		srose 10/11/2012		Local
FE Sent For:		1/2 sac 11/14/12	1/2 sac 11/14/12				

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/? mshovers

11 MES 10/1/12 11 sac
10/8/12

10/1/12

FE Sent For:

<END>

Rick - Rep. Kleefisch Rick Braun
Meeting Notes - 6855
★ (DRAFTING INSTRUCTIONS)

Why exclude 23 props that are in
lake dist. & am. districts?

★ ① make this apply only to the economic
situation

② I can contact DOR or Leg Council
contact ~~the~~ Dine Ward

Mielke, William

From: Mielke, William
Sent: Tuesday, February 14, 2012 3:31 PM
To: Rep.Kleefisch@legis.wisconsin.gov
Cc: James Daley (jdaley@oconomowoc-wi.gov); Ms. Diane Gard (dgard@oconomowoc-wi.gov); Sen.Kedzie@legis.state.wi.us; Mr. Robert Duffy (rduffy@oconomowoc-wi.gov); Ms. Sarah Kitsembel (skitsembel@oconomowoc-wi.gov); Curt Witynski (witynski@lwm-info.org)
Subject: City of Oconomowoc TIF amendment

Joel

I have been trying to contact you to discuss your possible sponsorship of legislation that would greatly enhance the economic development opportunities in downtown Oconomowoc. We and the City have transmitted the information relative to the problem with the current legislation which requires that for a donor TIF to be allowed, the taxing jurisdictions must be identical. Because the downtown abuts the two Lakes there is a lake district which covers a few parcels contained in the downtown TIF. The legislative fix is very simple and should be bipartisan in that it allows a community to remove any taxing district that is not a member of a joint review board (such as a Lake District) from participation in a TIF increment contribution. In this specific case, the Lake District contributes a total of \$190.20 (2010) and its existence is holding up millions of dollars worth of economic development. The City Council and the Chamber of Commerce have both endorsed the legislative change along with the League of Wisconsin Municipalities, and to date we have found no opposition to the proposal. I have enclosed copies of the adopted resolutions, an explanation of the problem and a draft of the needed legislative language.

We were told by the respective surrounding legislators that you were the proper person to sponsor this legislation. Can you please review the enclosed materials and let me know if you are willing to move forward with this legislation?

Thank You for your efforts.

Bill Mielke



Water

501_20120214_160

William J. Mielke, P.E., R.L.S.

President, CEO

Ruekert • Mielke

W233 N2080 Ridgeview Parkway

Waukesha, WI 53188

(262) 542-5733

(262) 542-5631 Fax

wmielke@ruekert-mielke.com

www.ruekert-mielke.com

WI Municipalities with TIF & Lake Districts

Mun Code	Municipality	# of TIFs	Lake District	
			Mun Code	Name of District
18201	Altoona	2	188030	Lake Altoona District
48201	Amery	2	488030	Apple River Pro & Rehab District
			488140	Amery Lakes Pro & Rehab District
34201	Antigo	3	348030	Antigo Lake Pro & Rehab District
18202	Augusta	2	18505	Augusta Mill Pond Pro & Rehab District
48106	Balsam Lake	4	488040	Balsam Lake Pro & Rehab District
61206	Blair	2	618050	Lake Henry Pro & Rehab District
08211	Chilton	3	088020	Chilton Lake District
68211	Clintonville	5	688030	Pigeon Lake Pro & Rehab District
03212	Cumberland	1	038050	Beaver Dam Lake Management District
64216	Delavan	1	648050	Lake Comus Pro & Rehab District
53221	Edgerton	3	538030	Rock-Koshkonong Lake District
53222	Evansville	3	538020	Lake Leota District
18127	Fall Creek	1	188060	Fall Creek Public Inland Lake Pro & Rehab District
11126	Fall River	1	118020	Lazy Lake Management District
14226	Fox Lake	1	148020	Fox Lake Prot & Rehab District
01126	Friendship	2	018060	Friendship Lake District
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44136	Hortonville	1	448020	Black Otter Lake District
26236	Hurley	1	268020	Lake Michelle Lake District
61241	Independence	1	618020	Independence Pub Inland Lake Pro & Rehab Dist
36241	Kiel	2	368050	Sheboygan River & Rockville Mill Pond Dist
32246	La Crosse	11	328020	Onalaska Lake Pro & Rehab District
56146	Lake Delton	3	568040	Mirror Lake Management District
48146	Luck	2	488160	Big Butternut Lake Mgmt District
24251	Markesan	1	248030	Little Green Lake Prot & Rehab District
67251	Muskego	2	678020	Little Muskego Lake Pro & Rehab District
			678080	Big Muskego Lake Pro & Rehab District
55261	New Richmond	4	558020	Upper Willow Rehab District
67265	Oconomowoc	2	678090	Lac La Belle Lake Mgmt District
			678100	Fowler Lake Prot & Rehab District
61265	Osseo	2	618070	C Osseo Public Inland & Rehab District
10265	Owen	3	108020	City of Owen Lake District
28171	Palmyra	2	288020	Lower Spring Lake Prot & Rehab District
60176	Rib Lake	1	608020	Rib Lake Public Inland Lake Pro & Rehab Dist
03276	Rice Lake	3	038030	Rice Lake Improvement District
52276	Richland Center	4	528020	Parfrey Mill Pond District
44276	River Falls	1	478030	Lake George Inland Lake Pro & Rehab District
55276	River Falls	2	478030	Lake George Inland Lake Pro & Rehab District
65282	Shell Lake	2	658020	Shell Lake Protection & Rehab District
41281	Sparta	4	418030	Sparta-Perch Lake District
49281	Stevens Point	2	498040	McDill Prot & Rehab District
13281	Stoughton	3	138040	Dunkirk Dam Lake District
41284	Tomah	3	418020	Lake Tomah Rehab District
61186	Trempealeau	1	618040	V Trmpealeau Pub Inland Lake & Rehab District
30186	Twin Lakes	1	308030	Twin Lake Pro & Rehab District
51191	Waterford	1	51191	Waterford Waterway Mgmt District
68291	Waupaca	8	688020	C Waupaca Public Inland Lakes Pro & Rehab Dist
32191	West Salem	1	328030	Lake Neshonoc Prot & Rehab District
49191	Whiting	1	498040	McDill Prot & Rehab District
69191	Wild Rose	3	698030	Wild Rose Inland Lake Por & Rehab District

Source: WI DOR: TIF Value Limitation Report for 2008
WI DOR: Special District Certification of 2008 Values



Mayor Jim Daley
City of Oconomowoc
174 E. Wisconsin Avenue
Oconomowoc, WI 53066

October 21, 2011

RE: Donor TID Legislative Amendment

Honorable Mayor Daley,

The Oconomowoc Area Chamber of Commerce appreciates the opportunity to provide the City with input on items that may impact the Oconomowoc business community, and the City's continued efforts to consider changes that may be in the best interests of the taxpayers. It appears that the Donor TID legislative Amendment is such a change, one that presents a unique opportunity to remove obstacles to assist downtown.

Based on the information that was provided, it is our understanding that the Pabst Farms TID #3 is performing very well. Although originally intended to end in 2017; its current performance would allow it to terminate in 2013. At the same time, our current economic struggles have stalled the redevelopment necessary to support the debt incurred for the infrastructure investment on which the Downtown TID #4 is based. TID #4 was initially projected to close in 2013, but may remain open until 2030. However, donor TID legislation, if amended, could allow the City to use TID #3 to pay off the Downtown TID #4 quicker, which could be a great advantage to the taxpayers.

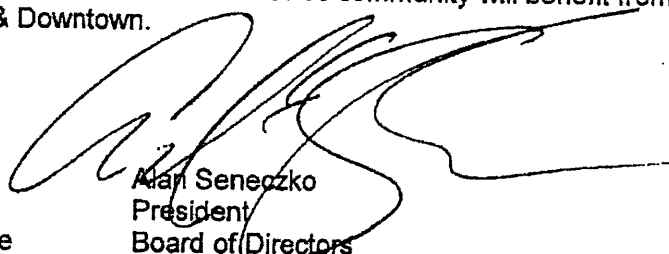
It is our understanding that, under current donor TID legislation, the City of Oconomowoc does not qualify because TID #3 and TID #4 do not lie in the same taxing jurisdiction, a requirement of the statute. Downtown TID #4 district lies within the Fowler Lake and Lac La Belle Management District, which generates only \$190 in tax increment revenue; while TID #3 lies in only the Fowler Lake Management district, thus not meeting the same taxing jurisdiction requirement. However, if municipalities are allowed through the amendment to request to exclude lake management districts from TIF districts, this would, in turn, allow the ability to use funds from TID #3 to help pay down the debt in TID #4.

Given its ultimate benefit to the taxpayers of the community, the Oconomowoc Area Chamber of Commerce supports the City's effort to amend Wis. Stat. §66.1105 to allow a community to request exclusion of sanitary and lake management districts from participation in tax incremental financing. This amendment would provide the City with another potential tool to use in its effort to close out both TIF Districts.

It is our hope that through the City's efforts, the entire Oconomowoc community will benefit from the investments made in both Pabst Farms & Downtown.

Sincerely,


Gregg Smith
Chair
Economic Growth & Advocacy Committee
Oconomowoc Area Chamber of Commerce


Alan Seneczko
President
Board of Directors
Oconomowoc Area Chamber of Commerce

RESOLUTION No. 11-R2304

**RESOLUTION RECOMMENDING AMENDMENT TO §66.1105, WIS. STATS.,
THE TAX INCREMENT LAW**

WHEREAS, the City of Oconomowoc has been aggressively working to promote job growth and redevelopment in the City through the Tax Incremental Financing (TIF) program; and

WHEREAS, the City has created two Tax Incremental Financing Districts, those being TID No. 3 which is the Pabst Farms TID, and TID No. 4 which is the Downtown Redevelopment District; and

WHEREAS, TID No. 3 has been successful in attracting new businesses and creating jobs, while the Downtown Redevelopment District TID No. 4 has struggled because of the current economy; and

WHEREAS, there is existing legislation that allows for a successful TID to allocate positive tax increments to a struggling TID known as the donor tax incremental district legislation; and

WHEREAS, the existing legislation requires that for a donor tax incremental district to be allowed, the taxing jurisdictions for each of the participating districts must be the same; and

WHEREAS, TID No. 4 contains lands which are included in the Lac LaBelle Lake Management District and therefore makes the taxing jurisdictions dissimilar and not eligible to utilize the donor tax incremental district legislative tool to assist Oconomowoc's efforts to revitalize its downtown area; and

WHEREAS, the amount of tax increment collected from this special district taxing jurisdiction for 2010 was \$190.20, which is not a significant factor in financing the downtown TID while at the same time it is preventing the City from investing considerable funds in the redevelopment of the downtown.

NOW THEREFORE, BE IT HEREBY RESOLVED the City of Oconomowoc requests its legislative representatives to sponsor and support a legislative amendment to §66.1105, Wis. Stats. to allow for the exclusion of sanitary districts and lake management districts from participation in tax incremental financing if a community requests the exclusion.

DATED: September 6, 2011

CITY OF OCONOMOWOC

By: 

James Daley, Mayor

ATTEST:


Diane Coenen, Clerk

Proposed TID Legislation

Wis. Stats. 66.1105 (6) (e) 1. a. is amended to read:

66.1105 (6) (e) 1. a. The donor tax incremental district, the positive tax increments of which are to be allocated, and the recipient tax incremental district have the same overlying taxing jurisdictions or the local legislative body approves the exemption of any sanitary districts or public inland lake protection and rehabilitation districts with the power to levy property taxes within either the donor tax incremental district or the recipient district from contributing tax increment to either the donor tax incremental district or the recipient tax incremental district and such an exclusion results in both districts having the same overlying taxing jurisdictions. If such an exemption is granted, it shall take effect as of the next tax levy succeeding the approval of said exemption and shall remain in effect until the affected district or districts are terminated.

Wis. Stats. 66.1105 (6) (f) 1. a. is amended to read:

66.1105 (6) (f) 1. a. The donor tax incremental district, the positive tax increments of which are to be allocated and the recipient tax incremental district have the same overlying taxing jurisdictions or the local legislative body and the joint review board approve the exemption of any sanitary districts or public inland lake protection and rehabilitation districts with the power to levy property taxes within either the donor tax incremental district or the recipient district from contributing tax increment to either the donor tax incremental district or the recipient tax incremental district and such an exclusion results in both districts having the same overlying taxing jurisdictions. If such an exemption is granted, it shall take effect as of the next tax levy succeeding the approval of said exemption and shall remain in effect until the affected district or districts are terminated.



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-01867

MES./.....

SAC

RMA

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

gen

- 1 AN ACT ...; **relating to:** modifying the requirements for sharing tax increments
2 by tax incremental districts in Oconomowoc.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Currently, towns and counties also have a limited ability to create a TID under certain circumstances. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax incremental base" value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID.

The project costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Also under current law, a city or village may not generally make expenditures for project costs later than five years before the unextended termination date of the TID. Under certain circumstances, the life of the TID, the expenditure period, and the allocation period may be extended.

A TID is required to terminate, under current law and with some exceptions, once its project costs are paid back. Under one of the exceptions, which is limited to certain circumstances, after a TID pays off its project costs, but not later than the date on which it must otherwise terminate, the planning commission may allocate positive tax increments generated by the TID (the "donor" TID) to another TID (donee TID) that has been created by the planning commission. To share tax increments in this way, current law requires that the donor and donee TIDs must have the same overlying taxing jurisdictions.

Under this bill, with regard to Tax Incremental Districts number 3 and 4, which were created by the city of Oconomowoc, the TIDs may share tax increments notwithstanding the fact that they do not have the same overlying taxing jurisdictions.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 66.1105 (6) (e) 1. a. of the statutes is amended to read:

66.1105 (6) (e) 1. a. The Except as provided in par. (h), the donor tax incremental district, the positive tax increments of which are to be allocated, and the recipient tax incremental district have the same overlying taxing jurisdictions.

History: 1975 c. 105, 199, 311; 1977 c. 29 ss. 724m, 725, 1646 (1), (3); 1977 c. 418; 1979 c. 221, 343; 1979 c. 361 s. 112; 1981 c. 20, 317; 1983 a. 27, 31, 207, 320, 405, 538; 1985 a. 29, 39, 285; 1987 a. 27, 186, 395; 1989 a. 31, 336; 1993 a. 293, 337, 399; 1995 a. 27 ss. 3330c to 3337, 9116 (5), 9130 (4); 1995 a. 201, 225, 227, 335; 1997 a. 3, 27, 237, 252; 1999 a. 9; 1999 a. 150 ss. 457 to 472; Stats. 1999s. 66.1105; 2001 a. 5, 11, 16, 104; 2003 a. 34, 46, 126, 127, 194, 320, 326; 2005 a. 6, 13, 46, 328, 331, 385; 2007 a. 2, 10, 21, 41, 43, 57, 73, 96; 2009 a. 5, 28, 67, 170, 176, 210, 312; 2011 a. 10, 12, 32, 40, 41, 77, 137, 139; 2011 a. 260 s. 81; s. 13.92 (1) (bm) 2., (2) (i).

SECTION 2. 66.1105 (6) (f) 1. a. of the statutes is amended to read:

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History: 1975 c. 105, 199, 311; 1977 c. 29 ss. 724m, 725, 1646 (1), (3); 1977 c. 418; 1979 c. 221, 343; 1979 c. 361 s. 112; 1981 c. 20, 317; 1983 a. 27, 31, 207, 320, 405, 538; 1985 a. 29, 39, 285; 1987 a. 27, 186, 395; 1989 a. 31, 336; 1993 a. 293, 337, 399; 1995 a. 27 ss. 3330c to 3337, 9116 (5), 9130 (4); 1995 a. 201, 225, 227, 335; 1997 a. 3,

27, 237, 252; 1999 a. 9; 1999 a. 150 ss. 457 to 472; Stats. 1999 s. 66.110; 2001 a. 5, 11, 16, 104; 2003 a. 34, 46, 126, 127, 194, 320, 326; 2005 a. 6, 13, 46, 328, 331, 385; 2007 a. 2, 10, 21, 41, 43, 57, 73, 96; 2009 a. 5, 28, 67, 170, 176, 310, 312; 2011 a. 10, 12, 32, 40, 41, 77, 137, 139; 2011 a. 260 s. 81; s. 13.92 (1) (bm) 2., (2) (i).

1 **SECTION 3.** 66.1105 (6) (h) of the statutes is created to read:

2 66.1105 (6) (h) With regard to Tax Incremental District number 3 and Tax
3 Incremental District number 4 in the city of Oconomowoc, the donor tax incremental
4 district and the recipient tax incremental district do not need to have the same
5 overlying taxing jurisdictions to share tax increments under par. (e) or (f).

6 (END)

Shovers, Marc

From: Braun, Rick
Sent: Wednesday, October 17, 2012 10:35 AM
To: Shovers, Marc
Subject: Oconomowoc TID bill

Marc:

After consulting with the folks in Oconomowoc, they are asking us to make another run at this.

Particularly, we want to go the route of making it part of the law to allow municipalities to remove lake and waste districts rather than us doing them as one-offs.

I know we talked about this and it was a misunderstanding on my part of what we wanted to do. We also have a couple of other Representatives and Senators on board with this. The problem comes from when quick action is needed to remove a lake district or waste district from a TID when we won't be in session for a long time (such as March this year till Jan.).

Attached is the information from the Oconomowoc folks on this.

Thanks,

Rick Braun
Office of Rep. Joel Kleefisch

68551



WI Municipalities with TIF & Lake Districts

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			Mun Code	Name of District
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44136	Hortonville	1	448020	Black Otter Lake District
26236	Hurley	1	268020	Lake Michelle Lake District
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68291	Waupaca	8	688020	C Waupaca Public Inland Lakes Pro & Rehab Dist
32191	West Salem	1	328030	Lake Neshonoc Prot & Rehab District
49191	Whiting	1	498040	McDill Prot & Rehab District
69191	Wild Rose	3	698030	Wild Rose Inland Lake Por & Rehab District

Source: WI DOR: TIF Value Limitation Report for 2008
WI DOR: Special District Certification of 2008 Values

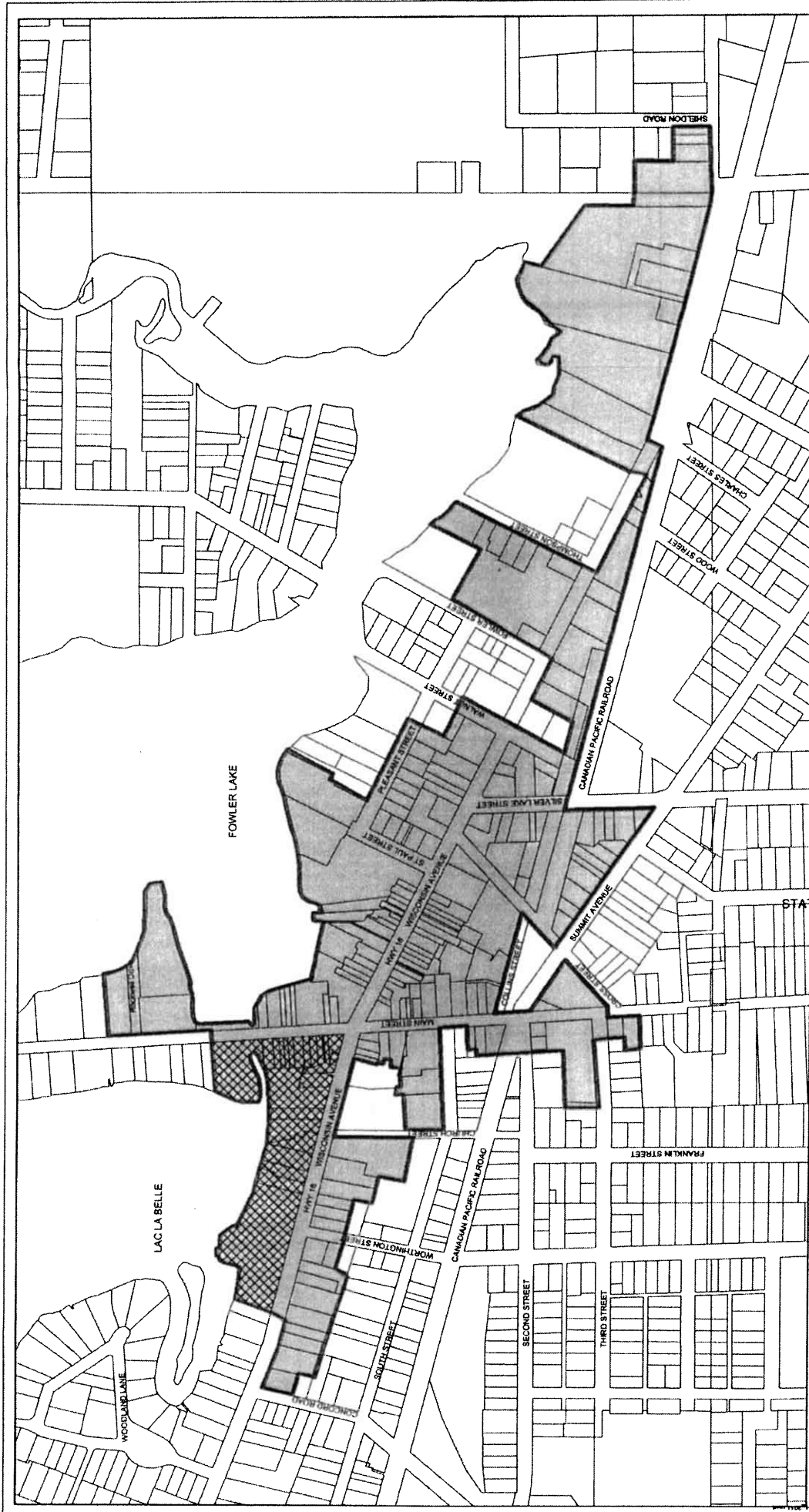
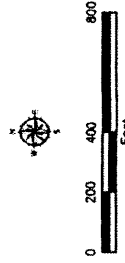


EXHIBIT 1

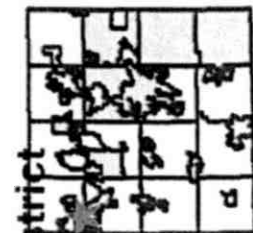
- Legend**
-  Lac La Belle Management District
 -  Existing TID Boundary

**TAX INCREMENTAL DISTRICT NO. 4
AMENDMENT 1 &
LAC LA BELLE MANAGEMENT DISTRICT
CITY OF OCONOMOWOC
WAUKESHA COUNTY, WISCONSIN**





Parcels in TID #4 & Lac LaBelle Management

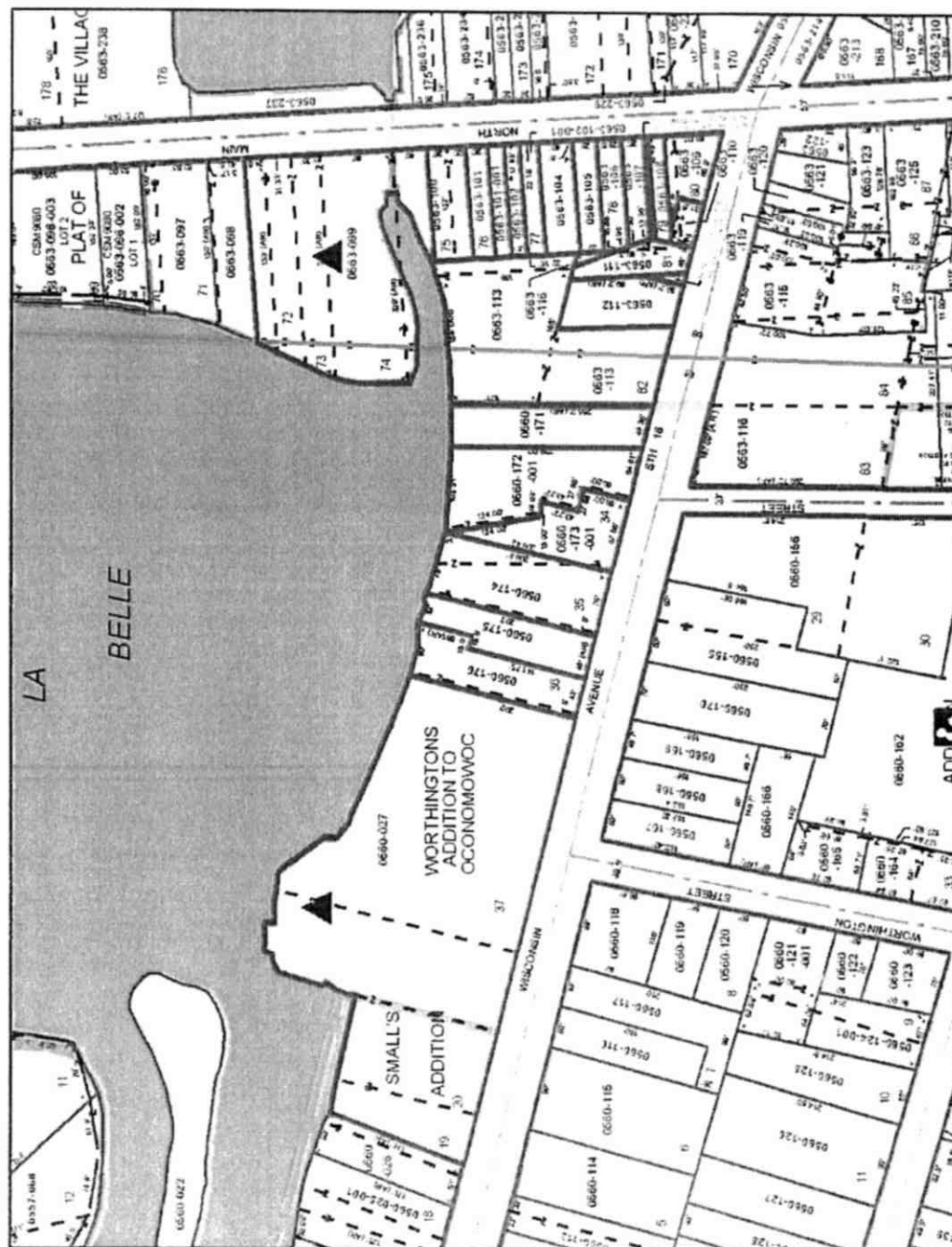


Legend

- [illegible]



Map Generated: Jun 8, 2007



0 200 400 600 ft.

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WHEREAS, the City of Oconomowoc has been aggressively working to promote jobs growth and redevelopment in the City through the Tax Incremental Financing (TIF) program, and;

WHEREAS, the City has created two Tax Incremental Financing Districts, that being TIF No. 3 which is the Pabst Farms TIF and TIF No. 4 which is the Downtown Redevelopment District.

WHEREAS, the TIF No. 3 has been successful in attracting new businesses and creating jobs, while the Downtown Redevelopment District TIF No. 4 has struggled because of the current economy.

WHEREAS, there is existing legislation that allows for a successful TIF to allocate positive tax increments to a struggling TIF known as the donor tax incremental district legislation.

WHEREAS, the existing legislation requires that for a donor tax incremental district to be allowed, the taxing jurisdictions for each of the participating districts must be the same.

WHEREAS, TIF No. 4 contains lands which are included in the Lac La Belle Lake Management District and, therefore, makes the taxing jurisdictions dissimilar and not eligible to utilize the donor tax incremental district legislative tool to assist Oconomowoc's efforts to revitalize their downtown area.

WHEREAS, the amount of tax increment collected from this special district taxing jurisdiction for 2010 was \$190.20 which is not a significant factor in financing the Downtown TIF while at the same time it is preventing the City from investing \$_____ in the redevelopment of the downtown.

NOW THEREFORE BE IT RESOLVED, that the City of Oconomowoc requests its legislative representatives to sponsor and support a legislative amendment to Section 66.105 to allow for the exclusion of sanitary districts and lake management districts from participation in tax increment financing if a community so requests the exclusion.

Proposed TID Legislation Wisconsin Statutes §66.1105

Background

Under Wisconsin TID law, all local government entities having the power to levy taxes on property within a TID are overlying taxing jurisdictions for that TID. If such an entity levies property taxes, that entity contributes tax increment to the TID. Overlying taxing entities include the cities, villages, towns, counties, school districts, and technical college districts that are represented on the Joint Review Board, as well as any other special purpose district with the power to levy taxes within a TID. These special districts, while not represented on the Joint Review Board, currently consist of metropolitan sewerage districts, sanitary districts, and public inland lake protection and rehabilitation districts (also known as lake management districts), but could also include other districts authorized by statute to levy property taxes.

The participation of these special purpose districts in tax incremental districts creates obstacles to "donor" TIDs. TID law allows for a TID with excess tax increment to allocate or "donate" a portion of its excess revenues to another TID within the same municipality. However, the law requires that both TIDs have the same overlying taxing jurisdictions. If one TID is within a lake management district, for example, and the other one is not, donation from one TID to the other is not allowed.

Lake management districts and sanitary districts present an obstacle to the ability to create donor TIDs due to the number of such districts. There are approximately 220 lake management districts in Wisconsin, many of them located partially in villages and cities. These districts typically only cover a small portion of the municipality immediately adjacent to the lake, and many municipalities have multiple lake management districts within their borders. Sanitary districts are also numerous and it is not uncommon for more than one sanitary district to exist within the same municipality. The property tax levies and tax rates of these districts are very small compared to the taxes levied by other taxing jurisdictions. These districts, therefore, generate a very small percentage of tax incremental revenues. However, the sheer number of these districts creates the potential for them to be a frequent obstacle to the creation of donor TIDs.

Proposed Solution

The proposed solution to this issue is to twofold: 1) amend the TID law to exclude sanitary districts and lake management districts from participation in tax increment financing for future TIDs; and 2) as to existing TIDs with sanitary districts or lake management districts, allow municipalities that want to create a donor TID to prospectively exempt sanitary districts and lake management districts from the donor and recipient TIDs. These districts contribute very little in tax incremental revenue and are not currently represented on the Joint Review Board. It is expected that the exclusion of these districts would have very little financial impact on TIDs. At the same time, it would remove an obstacle to donor TIDs that could potentially affect a significant number of municipalities.

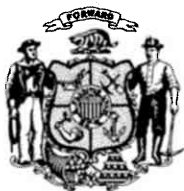
Proposed TID Legislation

Wis. Stats. 66.1105 (6) (e) 1. a. is amended to read:

66.1105 (6) (e) 1. a. The donor tax incremental district, the positive tax increments of which are to be allocated, and the recipient tax incremental district have the same overlying taxing jurisdictions or the local legislative body approves the exemption of any sanitary districts or public inland lake protection and rehabilitation districts with the power to levy property taxes within either the donor tax incremental district or the recipient district from contributing tax increment to either the donor tax incremental district or the recipient tax incremental district and such an exclusion results in both districts having the same overlying taxing jurisdictions. If such an exemption is granted, it shall take effect as of the next tax levy succeeding the approval of said exemption and shall remain in effect until the affected district or districts are terminated.

Wis. Stats. 66.1105 (6) (f) 1. a. is amended to read:

66.1105 (6) (f) 1. a. The donor tax incremental district, the positive tax increments of which are to be allocated and the recipient tax incremental district have the same overlying taxing jurisdictions or the local legislative body and the joint review board approve the exemption of any sanitary districts or public inland lake protection and rehabilitation districts with the power to levy property taxes within either the donor tax incremental district or the recipient district from contributing tax increment to either the donor tax incremental district or the recipient tax incremental district and such an exclusion results in both districts having the same overlying taxing jurisdictions. If such an exemption is granted, it shall take effect as of the next tax levy succeeding the approval of said exemption and shall remain in effect until the affected district or districts are terminated.



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0186/1

MES:sac:rs

RMR

2013 BILL

D-NOTE

1 AN ACT *to amend* 66.1105 (6) (e) 1. a. and 66.1105 (6) (f) 1. a.; and *to create*
2 66.1105 (6) (h) of the statutes; **relating to:** modifying the requirements for
3 sharing tax increments by tax incremental districts ~~in certain cases~~ *and limiting the participat*

of special purpose districts in tax incremental district financing

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Currently, towns and counties also have a limited ability to create a TID under certain circumstances. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax incremental base" value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the

BILL

value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID.

The project costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Also under current law, a city or village may not generally make expenditures for project costs later than five years before the unextended termination date of the TID. Under certain circumstances, the life of the TID, the expenditure period, and the allocation period may be extended.

A TID is required to terminate, under current law and with some exceptions, once its project costs are paid back. Under one of the exceptions, which is limited to certain circumstances, after a TID pays off its project costs, but not later than the date on which it must otherwise terminate, the planning commission may allocate positive tax increments generated by the TID (the "donor" TID) to another TID (the "donee" TID) that has been created by the planning commission. To share tax increments in this way, current law requires that the donor and donee TIDs must have the same overlying taxing jurisdictions.

*INS
ANC* Under this bill, with regard to Tax Incremental Districts numbers 3 and 4, which were created by the city of Oconomowoc, the TIDs may share tax increments notwithstanding the fact that they do not have the same overlying taxing jurisdictions.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 1 **SECTION 1.** 66.1105[/] (6) (e) 1. a. of the statutes is amended to read:
- 2 66.1105 (6) (e) 1. a. The Except as provided in par. (h), the donor tax
- 3 incremental district, the positive tax increments of which are to be allocated, and the
- 4 recipient tax incremental district have the same overlying taxing jurisdictions.
- 5 **SECTION 2.** 66.1105[/] (6) (f) 1. a. of the statutes is amended to read:
- 6 66.1105 (6) (f) 1. a. The Except as provided in par. (h), the donor tax incremental
- 7 district, the positive tax increments of which are to be allocated, and the recipient
- 8 tax incremental district have the same overlying taxing jurisdictions.

BILL

1 SECTION 3. 66.1105 (6) (h) of the statutes is created to read:

2 ~~66.1105 (6) (h) With regard to Tax Incremental District number 3 and Tax~~
3 ~~Incremental District number 4 in the city of Oconomowoc, the donor tax incremental~~
4 ~~district and the recipient tax incremental district do not need to have the same~~
5 ~~overlying taxing jurisdictions to share tax increments under par. (e) or (f).~~

6 (END)

O-NOTE

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0186/2ins
MES:sac:rs

D-NOTE

INS D-Note

Rep. Kleefisch:

Please review this draft carefully to ensure that it meets your intent. The language in the predrafted materials that you submitted as proposed amendments to s. 66.1105 (6) (e) 1. a. and (f) 1. a. does not seem to be consistent with the narrative description of your proposed solution to the problem of TIDs being unable to share tax increments if they do not share similar overlying taxation districts because of the presence of certain lake districts or town sanitary districts in either the donor or recipient TID.

Based on my understanding of your intent, as contained in your narrative description of the problem you hope to address and your proposed solution, I believe that this version of the draft meets your intent, even though it uses different language than your proposed amendment of s. 66.1105 (6) (e) 1. a. and (f) 1. a. Please let me know if I have misconstrued your intent and if the draft needs to be redrafted.

MZJ

INS ANL

Under this bill, for a TID that exists on the effective date of the bill, TIDs may share tax increments notwithstanding the fact that they do not have the same overlying taxation jurisdictions if their dissimilarity is because one of the districts includes a lake sanitary district, a public inland lake protection and rehabilitation district, or a town sanitary district (collectively, special districts).

Also under the bill, for TIDs that are created on or after the bill takes effect, special districts may not participate in the financing of a TID.

INS 3-1 (6)

66.1105(h) With regard to a tax incremental district which exists on the effective date of this paragraph [LRB inserts date], positive tax increments

generated by one district may be allocated to another district, as described under pars. (e) and (f), if the two districts do not have the same overlying taxation districts because either the donor or recipient district includes one or more of the following:

1. A lake sanitary district, as defined in s. 30.50 (4q).[✓]
2. A public inland lake protection and rehabilitation district organized under ch. 33.[✓]
3. A town sanitary district organized under subch. IX of ch. 60.[✓]

SECTION 1. 66.1105 (14) (title) of the statutes is amended to read:

66.1105 (14) (title) USE OF TAX INCREMENTAL FINANCING FOR INLAND LAKE
PROTECTION AND REHABILITATION PROHIBITED. ~~EXCLUSION~~ ^{LIMITING PARTICIPATION} OF CERTAIN LAKE AND SANITARY
DISTRICTS.

History: 1975 c. 105, 199, 311; 1977 c. 29 ss. 724m, 725, 1646 (1), (3); 1977 c. 418; 1979 c. 221, 343; 1979 c. 361 s. 112; 1981 c. 20, 317; 1983 a. 27, 31, 207, 320, 405, 538; 1985 a. 29, 39, 285; 1987 a. 27, 186, 395; 1989 a. 31, 336; 1993 a. 293, 337, 399; 1995 a. 27 ss. 3330c to 3337, 9116 (5), 9130 (4); 1995 a. 201, 225, 227, 335; 1997 a. 3, 27, 237, 252; 1999 a. 9; 1999 a. 150 ss. 457 to 472; Stats. 1999 s. 66.1105; 2001 a. 5, 11, 16, 104; 2003 a. 34, 46, 126, 127, 194, 320, 326; 2005 a. 6, 13, 46, 328, 331, 385; 2007 a. 2, 10, 21, 41, 43, 57, 73, 96; 2009 a. 5, 28, 67, 170, 176, 310, 312; 2011 a. 10, 12, 32, 40, 41, 77, 137, 139; 2011 a. 260 s. 81; s. 13.92 (1) (bm) 2., (2) (i).

SECTION 2. 66.1105 (14) of the statutes is renumbered 66.1105 (14) (a).

SECTION 3. 66.1105 of the statutes is created to read:

^{plaw} ~~66.1105~~ ^{(14)(b) R (14)(b)} For a tax incremental district that is created on or after the effective date of this paragraph/^{amended} [LRB inserts date], none of the following special purpose districts may participate in the financing of a tax incremental district:

1. A lake sanitary district, as defined in s. 30.50 (4q).[✓]
2. A public inland lake protection and rehabilitation district organized under ch. 33.[✓]
3. A town sanitary district organized under subch. IX of ch. 60.[✓]

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0186/2dn
MES:sac:ph

November 14, 2012

Rep. Kleefisch:

Please review this draft carefully to ensure that it meets your intent. The language in the predrafted materials that you submitted as proposed amendments to s. 66.1105 (6) (e) 1. a. and (f) 1. a. does not seem to be consistent with the narrative description of your proposed solution to the problem of TIDs being unable to share tax increments if they do not share similar overlying taxation districts because of the presence of certain lake districts or town sanitary districts in either the donor or recipient TID.

Based on my understanding of your intent, as contained in your narrative description of the problem you hope to address and your proposed solution, I believe that this version of the draft meets your intent, even though it uses different language than your proposed amendment of s. 66.1105 (6) (e) 1. a. and (f) 1. a. Please let me know if I have misconstrued your intent and if the draft needs to be redrafted.

Marc E. Shovers
Managing Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

Rose, Stefanie

From: Braun, Rick
Sent: Thursday, January 10, 2013 10:10 AM
To: LRB.Legal
Subject: Draft Review: LRB -0186/2 Topic: For Oconomowoc, allow the exclusion of town sanitary district territory from a tax incremental financing district (TID)

Please Jacket LRB -0186/2 for the ASSEMBLY.